



June 8, 2004

Dr. Bruce Chrisman
Associate Director for Administration
Fermi National Accelerator Laboratory
P. O. Box 500, MS 112
Batavia, IL 60510-0500

Dear Dr. Chrisman:

**SUPPORT COST BY FUNCTIONAL ACTIVITY PEER REVIEW – FERMI
NATIONAL ACCELERATOR LABORATORY – FY2003**

We have reviewed the FY2003 Support Cost by Functional Activity Report (SCFAR) of the Fermi National Accelerator Laboratory (Fermilab). The purpose of the review was to confirm that the data reported by Fermilab complied with the guidelines and definitions issued by the United States Department of Energy (DOE), and to fulfill a DOE-HQ requirement to have all of the reporting sites independently reviewed on a periodic basis.

Methodology used by Fermilab to compile the Support Cost By Functional Activity Report

The Account Structure for Fermilab includes the Project number, task number and Functional Code. Functional Cost categories are assigned by the Field Budget personnel and reviewed by the Budget Office. The assignments are made at the Task Number level based on where the majority of the costs in the Task would fall. All Task Numbers have a one-to-one relationship to a Functional Cost category. There are approximately 2800 active task numbers in a given year.

Cost data is extracted from the Oracle Project Accounting System. The data is reviewed for completeness and trend analysis prior to submission to DOE.

Recommendations/Comments during the Peer Review

In review of detail task number cost reports, the Team recommends that the following items be adjusted in subsequent Support Cost By Functional Activity Reporting:

1. Executive Direction: Purchase Discount (\$39K) - Task Number 80.2.1

Team Recommendation: Move to Chief Financial Officer

Site Response: Fermilab agrees with the Team's recommendation.

2. Human Resources: “USPAS” (US Particle Accelerator School) - Task number 40.09.01 for \$500K

Team Recommendation: Move to Information/Outreach Activities

Site Response: Fermilab agrees with the Team’s recommendation.

3. Legal: Specialized Management Support for \$1,386K - Task number 80.1.9

Team Recommendation: Since this represents support costs for one specific case, may want to report under “Other” so it won’t distort the legal category.

Site Response: Fermilab will take the Team’s recommendation under consideration.

4. Facilities Mgmt: Housing for \$1,105K - Task number 90.05.01

Team Comment: Team needs to survey other team members and Sites as to the appropriate category for this type of cost including offsetting credits.

5. Logistics Support: manual adjustments totaling \$816K

Team Comment: Calculation error resulting in overstating of this category by approximately \$300K and understatement of other costs.

6. Mission Direct: Utility Incentive Program Payment \$6,186K

Team Recommendation: Cost represents payments and interest for site utility infrastructure upgrades. Their program will be paid off over at ten year period. Move this cost to “Other” category. Team will also investigate with other members as to where other laboratories have recorded this type of cost.

Site Response: Fermilab will take the Team’s recommendation under consideration.

7. Laboratory/Technical Support

Team Recommendation: (a) During FY03, certain elements of the task numbering codes were expanded to capture a greater level of detail, in particular, those tasks relating to the technical services and facilities management categories. As a result, new task numbers exist which were not previously “crosswalked” to the respective functional cost category. The previous local methodology used to develop the functional cost report needs to be reviewed by the Budget Organization (who assign the functional cost category by task number) and the Accounting Organization (who generate the detailed cost data). This review should provide a greater level of confidence in justifying the costs as reported in the categories which have multiple new tasks. For instance, the development and testing components which were moved back into this category from mission direct should properly remain in mission direct.

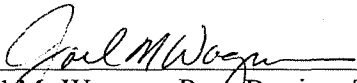
(b) Our interpretation of the guidance suggests that the machine shop costs should be reported in this category and not disbursed to the respective requesting organizations.

Site Response: Fermilab will take the Team's recommendation under consideration.

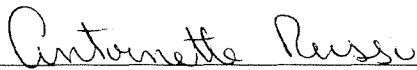
Accuracy Assessment

The Peer Review Team has concluded that Fermilab has met the intent of the guidelines and definitions and has achieved a level of accuracy in excess of the minimum required.

We would like to thank Ms. Cynthia Conger, Ms. Debbie Griffin and Mr. Michael Rhoades for their help and support. The team felt that the FY 2003 Fermilab Support Cost By Functional Activity Report was prepared in a professional and credible manner.



Joel M. Wagner, Peer Review Team Lead
West Valley Demonstration Project



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